

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



FAR EASTERN POLYCHEM INDUSTRIES LIMITED

(遠東化聚工業股份有限公司)*
(Incorporated in Bermuda with limited liability)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Far Eastern Polychem Industries Limited (the “Company”) will be held at 3:00 p.m. on 25th June 2004 at Gloucester Room, 2/F, Mandarin Oriental Hotel, 5 Connaught Road Central, Hong Kong for the following purposes:

Ordinary Business

1. To receive and consider the audited financial statements of the Company and the Reports of the Directors and Auditors for the year ended 31st December 2003.
2. To re-elect Mr. Lih-Teh Chang as an Executive Director and Mr. Shaw-Y Wang as a Non-executive Director.
3. To authorise the Board of Directors to fix the remuneration of the Directors.
4. To declare a final dividend for the year ended 31st December 2003.
5. To re-appoint Auditors and to authorise the Board of Directors to fix their remuneration.

Special Business

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

6. “**THAT**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or warrants or similar rights to subscribe for any shares in the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in (a) shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to the shares of the Company issued as a result of a Rights Issue (as hereinafter defined) or pursuant to the exercise of options under the Share Option Scheme or similar arrangement, or any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of the dividend on the shares of the Company in accordance with the Company's Bye-laws, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their holdings of such shares (subject to such exclusions or other arrangements as the directors as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions, or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

To consider and, if thought fit, pass the following resolution as a Special Resolution:

7. **“THAT** the bye-laws of the Company be amended as follows:

(a) by inserting the following new definition of “associate” in bye-law 1:

““associate” has the meaning attributed to it in the listing rules (as the same are amended from time to time) of the Designated Stock Exchange.”;

(b) by re-numbering the existing bye-law 76 as bye-law 76(1) and by inserting the following new bye-law 76(2):

“(2)Where any Member is, under the listing rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

(c) by deleting the words “not less than seven (7) clear days before the date appointed for the meeting” in bye-law 88 and inserting the following proviso at the end of the same bye-law:

“provided that, in each case, such Notice must be lodged no earlier than the day after the dispatch of the notice of the general meeting appointed for such election end no later than seven (7) days prior to the date of such general meeting.”;

(d) by substituting the existing bye-law 102 with the following new bye-law 102:

“102 A Director who, to his knowledge, is interested or has an associate who is interested, in any way, whether directly or indirectly, in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest or the interest of his associate at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest or the interest of his associate then exists, or in any other case at the first meeting of the Board after he knows that he or his associate is or has become so interested. For the purposes of this Bye-law, a general Notice of the Board by a Director to the effect that:

- (a) he or any of his associates is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
- (b) he or any of his associates is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Bye-law in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Directors takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.”

- (e) by substituting the existing bye-law 103 with the following new bye-law 103:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect approving of any contract or arrangement or any other proposal in which he or any of his associate is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which he is the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract or arrangement concerning any other company in which he is the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director together with any of his associates (as defined by the rules, where applicable, of the Designated Stock Exchange) and/or his associate(s) is/are beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest or that of any of his associates is derived); or
- (vi) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.

- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates (as defined by the rules, where applicable, of the Designated Stock Exchange), (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his/their interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the Director's interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.
- (3) Where a company in which a Director together with and/or his associate(s) (as defined by the rules, where applicable, of the Designated Stock Exchange) holds five (5) per cent. or more is/are materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board

(for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”;

and that the Directors of the Company be and are hereby authorised generally to do all such acts, deeds and things as they shall, in their absolute discretion, deem appropriate or necessary to effect, implement and complete any of the foregoing.”

By Order of the Board of Directors
Wai-Kit Kong
Secretary

26th March 2004
Hong Kong

Principal office:
Unit A, 11th Floor
Lippo Leighton Tower,
103-109 Leighton Road
Causeway Bay
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, this form of proxy, together with the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of that power of attorney of other authority, must be deposited at the principal office of the Company at Unit A, 11th Floor, Lippo Leighton Tower, 103-109 Leighton Road, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for holding the said meeting.
3. A form of proxy for the meeting will be enclosed with the annual report.
4. The register of members of the Company will be closed from 18th June 2004 to 25th June 2004, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend payable on 2nd July 2004 to be approved at the meeting and the right to attend and vote at the meeting, all transfers

accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 17th June 2004.

5. The biographical details of Mr. Lih-Teh Chang and Mr. Shaw-Y Wang, the Directors who offer themselves for re-election, are provided in the section headed "Management Profile" in the annual report.
6. With reference to the Ordinary Resolution sought in item 6 of this notice, the Directors wish to state that they have no immediate plans to issue any new shares of the Company.
7. In order to make the Company's bye-laws consistent with the amended Appendix 3 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), a resolution to amend the Company's bye-laws is proposed. The background for the proposed amendments to the following bye-laws is set out below:
 - (a) bye-law 1 To define "associate" in accordance with the Listing Rules.
 - (b) bye-law 76 To reflect the restriction on voting by members as required by the amended Appendix 3 of the Listing Rules.
 - (c) bye-law 88 To be consistent with the provisions of the amended Appendix 3 of the Listing Rules which requires that the period for lodgement of notices to the Company of the intention to propose a person for election as a Director should commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.
 - (d) bye-law 102 To be consistent with the proposed amendment to bye-law 103, referred to below. A Director would be required to declare the interests, if any, of his associates (as well as his own interests) in any proposed contract or arrangement with the Company.
 - (e) bye-law 103 To be consistent with the provisions of the amended Appendix 3 of the Listing Rules so that subject to certain exceptions, a Director is not allowed to vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.
8. Pursuant to bye-law 66 of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded;
 - (a) by the chairman of such meeting; or

- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

This announcement, for which the directors of Far Eastern Polychem Industries Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Far Eastern Polychem Industries Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

** For identification purposes only*